

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Business Meeting)
)
_____)

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, JUNE 8, 2005

10:00 A.M.

Reported by:
Christopher Loverro
Contract No. 150-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

Joseph Desmond, Chairperson

Arthur Rosenfeld

James D. Boyd

John Geesman

Jackalyne Pfannenstiel

STAFF PRESENT

Scott Matthews, Acting Executive Director

William Chamberlain, Chief Counsel

Song Her, Secretariat

Clare Poe

Michael Jaske

Jonathan Blees

Thomas Gorin

Roger Johnson

Kevin Kennedy

Sandra Fromm-Burns

Jacque Gilbreath

Michael Smith

Melissa Jones

Rasa Keanini

Jennifer Williams

Jennifer Allen

Stephen Williams

Philip Misemer

STAFF PRESENT

Don Kondoleon

David Ashuckian

Chuck Najarian

Dale Edwards

Irene Salazar

David Rubens

Bob Aldrich

Tracy Fong

Nancy Hassman

Farideh Namjou

Judy Grau

Jack Caswell

James Reede, Jr.

Claudia Orlando

Shahid Chaudhry

Joe O'Hagan

Bradley Meister

Kelly Birkenshaw

Glen Sharp

Elaine Hebert

Scott Tomashefsky

PUBLIC ADVISER

Margret Kim

ALSO PRESENT

Greggory Wheatland, Attorney

Andrew Witten, Project Manager
Pastoria Energy Facility Expansion Project

Mary Demming
Southern California Edison Company

Issa Ajlouny

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1 P R O C E E D I N G S

2 10:00 a.m.

3 CHAIRPERSON DESMOND: I'd like to bring
4 this meeting to order, and begin by reciting the
5 Pledge of Allegiance. Please join me.

6 (Whereupon the Pledge of Allegiance was
7 recited in unison.)

8 CHAIRPERSON DESMOND: Thank you. Before
9 we get to the consent calendar I would like to
10 take a moment and invite Scott Matthews up to talk
11 about the superior accomplishment awards. We have
12 a number of awards for some of these employees.

13 ACTING EXECUTIVE DIRECTOR MATTHEWS:
14 Chairman Desmond, because of the arrangement of
15 this particular awards, I'm going to stand back
16 here if that's okay.

17 CHAIRPERSON DESMOND: Absolutely.

18 ACTING EXECUTIVE DIRECTOR MATTHEWS:
19 Assisting me and playing Vanna White is --

20 (Laughter.)

21 ACTING EXECUTIVE DIRECTOR MATTHEWS: --
22 is our distinguished and long-time --
23 distinguished staff member and long-time friend,
24 and the individual who makes all this happen by
25 keeping the rest of us on track, even though it's

1 taken us to June to do it, Clare Poe.

2 The superior and sustained
3 accomplishment awards are awarded once a year, so
4 this is for calendar year '04, for individuals or
5 teams that have made an exceptional contribution
6 to improving state government; an important
7 contribution to science, research or development;
8 an unequaled personal effort in overcoming unusual
9 difficulties or obstacles in the completion of a
10 major project or task with a substantial benefit
11 to the state; or completion of a major project or
12 task with significant shorter time with
13 substantial benefits to the state.

14 The process is that nominations come
15 from deputy directors, supervisors, managers and
16 peers. They go to a committee that reviews them
17 that's made up of deputy directors, chief counsel
18 and the chief deputy director -- on this case he
19 was busy doing something else -- submitted the
20 recommendations to the executive director for
21 approval; and the presentation of the awards.

22 This program allows for both framed
23 certificates, which we'll hand out today, and cash
24 awards, which we'll also hand out today.

25 So, first let me present the superior

1 accomplishment awards. And when I call your name
2 please come forward to accept the award. So the
3 superior accomplishment award comes in two levels,
4 gold and silver.

5 The gold level is unquestionable,
6 significant and unequaled personal efforts;
7 extraordinary accomplishments with value added in
8 dollars or quality of end products or results;
9 demonstrated self initiative and effort above and
10 beyond expectations; contribution usually beyond
11 the project or program, itself.

12 May I have the envelope -- oh, no -- Dr.
13 Mike Jaske is --

14 (Applause.)

15 ACTING EXECUTIVE DIRECTOR MATTHEWS: --
16 is being recognized for his unwavering efforts on
17 the CPUC procurement process, and superior
18 accomplishments in achieving remarkable inter-
19 agency coordination while advancing Energy
20 Commission priorities in the CPUC and Cal-ISO
21 proceedings.

22 Mike has also continued to provide
23 significant high-level technical and policy
24 guidance to the IEPR, as well as to just about
25 everybody else in the place.

1 (Laughter.)

2 ACTING EXECUTIVE DIRECTOR MATTHEWS:

3 Jonathan Blee, Esq.

4 (Applause.)

5 ACTING EXECUTIVE DIRECTOR MATTHEWS: Jon
6 is being recognized for his successful appeal to
7 the Ninth Circuit Court of Appeal of the federal
8 district court decision that would have prevented
9 the Energy Commission from maintaining its
10 appliance database.

11 This database is not only necessary for
12 us in supporting our appliance and building
13 standards, but it is the only database of its kind
14 in the country and is used throughout the country
15 by utilities and other governments to do their own
16 incentive programs for appliances.

17 Of course, that was last year. This
18 year the court denied the plaintiff's petitions
19 for rehearing en banc, which means, in English,
20 that we won the Ninth Circuit. Thank you,
21 Jonathan.

22 (Applause.)

23 ACTING EXECUTIVE DIRECTOR MATTHEWS: Tom
24 Gorin. Is Tom here. Tom is here. Oh, my gosh,
25 Tom's put on a tie.

1 (Applause.)

2 ACTING EXECUTIVE DIRECTOR MATTHEWS: Tom
3 is being recognized for his superior work in
4 taking on the additional responsibilities of the
5 chief demand forecasters which increased his
6 workload tremendously. In this role he had to
7 coordinate a new and complicated forecast process,
8 mentor staff and deal successfully with unusual
9 technical problems.

10 Roger Johnson --

11 (Applause.)

12 ACTING EXECUTIVE DIRECTOR MATTHEWS: --
13 is being recognized for his superior work in
14 taking on the temporary role of supervisor of the
15 environmental office in 2004. Roger successfully
16 managed the heavy workload brought about by a
17 record amount of compliance work, a large number
18 of siting cases, and IEPR-related work.

19 Now, on to level two silver.
20 Outstanding exceptional effort in overcoming major
21 difficulties or obstacles, results in a key
22 accomplishment or product that resulted in a
23 contribution toward the improvement of government.

24 First of all, this is the first team,
25 because you can do teams or individuals. This is

1 he 2004 IEPR report project team staff consisting
2 of Kevin Kennedy, Sandra Fromm-Burns, Jacque
3 Gilbreath, Mike Smith, Melissa Jones. And in
4 recognition and remembrance of our dearly departed
5 former colleague Elizabeth Parkhurst.

6 (Applause.)

7 ACTING EXECUTIVE DIRECTOR MATTHEWS: So,
8 team come forward.

9 (Applause.)

10 ACTING EXECUTIVE DIRECTOR MATTHEWS:
11 These key 204 IEPR report project team staff are
12 being recognized for their dedication,
13 perseverance and superior work on the final
14 authoring and editing of the Commission's 2004
15 IEPR update. This report was critical to the
16 Energy Commission's successful communication
17 regarding challenges facing the state.

18 Next, Todd Lieberg, who's no longer with
19 us unfortunately, has gone on to other adventures,
20 and has already gotten this award, has been
21 recognized for his superior work leading to the
22 new renewable resources account where he tracked
23 and managed seven renewable facilities with
24 funding awards totaling \$250 million.

25 Rasa Keanini.

1 (Applause.)

2 ACTING EXECUTIVE DIRECTOR MATTHEWS:

3 Rasa is being recognized, as most of us would
4 already know, for her superior work taking on the
5 role of project manager for the establishment and
6 implementation of the Western Renewable Energy
7 Generation Information System known as WREGIS.

8 The development of this system was
9 monumental and an unprecedented undertaking. It
10 was further complicated by the need to obtain the
11 cooperation of multiple western jurisdictions, not
12 to mention, Rasa, getting the work done through
13 multiple review agencies. Congratulations.

14 Jennifer Williams and Tambu Kisoki.

15 Jennifer and Tambu.

16 (Applause.)

17 ACTING EXECUTIVE DIRECTOR MATTHEWS:

18 They are being -- Tambu is not here -- they are
19 being recognized for their superior work for
20 successfully securing federal funds and national
21 recognition for California in a fiercely
22 competitive bidding process.

23 This gave us grants to assist California
24 companies to identify and secure international and
25 domestic project funding, undertake trade missions

1 to China, Thailand and South Korea and Mexico.

2 Jennifer Allen. Jennifer.

3 (Applause.)

4 ACTING EXECUTIVE DIRECTOR MATTHEWS:

5 Recognized for her superior work on developing
6 guidelines and successfully getting emergency
7 responders to incorporate emergency response
8 guidelines for hydrogen fuel cell buses in their
9 standard training program.

10 I understand there are hydrogen buses in
11 AC Transit in Alameda County, Sunline Palm Springs
12 and Santa Clara Valley Transit in Santa Clara.

13 Steve Williams.

14 (Applause.)

15 ACTING EXECUTIVE DIRECTOR MATTHEWS:

16 Recognized for his superior work in developing two
17 successful '05, '06 BCPs for PIER and natural gas
18 programs. And I'll summarize that when I get to
19 the Executive Director's message at the end of the
20 business meeting.

21 Phil Misemer. Phil.

22 (Applause.)

23 ACTING EXECUTIVE DIRECTOR MATTHEWS:

24 Recognized for superior work in leading and
25 developing the plan to implement the new \$12

1 million natural gas R&D program which will start
2 up shortly.

3 Don Kondoleon --

4 (Applause.)

5 ACTING EXECUTIVE DIRECTOR MATTHEWS: --
6 being recognized for his superior work during 2004
7 on procedures and products which made an
8 exceptional contribution to the efficiency and
9 operations of government in the area of
10 transmission system planning and the development
11 of a strategic transmission plan for the grid.
12 And much more to come his way, I think, in this
13 area.

14 David Ashuckian.

15 (Applause.)

16 ACTING EXECUTIVE DIRECTOR MATTHEWS:
17 David is being recognized for his superior work
18 managing the electricity office in 2004. David
19 was faced with a series of significant challenges
20 managing EEO, staff vacancies, expanding workload,
21 increased emphasis on summer reliability for '04
22 and '05 and managing the aging power plant
23 project.

24 Chuck Najarian.

25 (Applause.)

1 ACTING EXECUTIVE DIRECTOR MATTHEWS:

2 Chuck is being recognized for his superior work
3 supervising the compliance unit at a time when the
4 unit's workload went over 15 amendments being
5 processed, along with simultaneous construction of
6 over ten projects. More to come in this area,
7 too, as these projects get contracts.

8 Dale Edwards --

9 (Applause.)

10 ACTING EXECUTIVE DIRECTOR MATTHEWS: --

11 is recognized for his superior work on researching
12 and developing recommendations for existing visual
13 resource assessment methodologies. The
14 recommendations that Dale and his team that he
15 directed developed were adopted by the division.

16 And now for the highest awards in my
17 opinion. These are the sustained superior
18 accomplish awards. These differ from the superior
19 accomplishment awards in that the individual or
20 team accomplishments must be evaluated over a two-
21 year sustained period.

22 The sustained superior awards are
23 limited to one award per 100 employees, so
24 therefore we get five.

25 Irene Salazar.

1 (Applause.)

2 ACTING EXECUTIVE DIRECTOR MATTHEWS:

3 Being recognized for her sustained superior work
4 to create an electronic compliance monitoring
5 system for the PIIRA database.

6 David Rubens. David.

7 (Applause.)

8 ACTING EXECUTIVE DIRECTOR MATTHEWS:

9 During the 2001 electricity crisis David managed
10 the Energy Commission's battery backup program,
11 providing local governments with grants to install
12 battery backup systems for LED signals. Was able
13 to get nearly \$10 million awarded to 187
14 governments.

15 So when the power goes out and you see
16 those red LEDs flashing, it's all because of
17 David.

18 (Laughter.)

19 ACTING EXECUTIVE DIRECTOR MATTHEWS: The
20 Commission's web team. Bob Aldrich, Tracy Fong,
21 Nancy Hassman and Farideh Namjou. Are you here?
22 Yes, you're here.

23 (Applause.)

24 ACTING EXECUTIVE DIRECTOR MATTHEWS: The
25 Commission web team is being recognized for the

1 sustained superior accomplishments on an ongoing
2 dedication and commitment in creating and
3 maintaining one of the best websites in the state.
4 And consistently provide accurate and complete
5 information during times of challenges and change
6 in energy situations.

7 Also, a special mention to two students
8 who worked for this team, Gabreila Pena and Kevin
9 Kidd.

10 (Applause.)

11 ACTING EXECUTIVE DIRECTOR MATTHEWS:

12 Next, Judy Grau, --

13 (Applause.)

14 ACTING EXECUTIVE DIRECTOR MATTHEWS: --
15 recognized for sustained superior work taking on a
16 leadership role in writing and establishing the
17 transmission whitepaper as the definitive staff
18 report that provides analytical input for the
19 Energy Report transmission policy.

20 And finally, Jack Caswell. Jack.

21 (Applause.)

22 ACTING EXECUTIVE DIRECTOR MATTHEWS:

23 Being recognized for his sustained superior work
24 taking on the role as project manager for several
25 sensitive power licensing cases during 2001 to

1 2004 that required an accelerated schedule.

2 Now, let's have a round of applause for
3 all the award winners. Thank you very much.

4 (Applause.)

5 ACTING EXECUTIVE DIRECTOR MATTHEWS: So
6 a quick photo-op.

7 (Pause.)

8 CHAIRPERSON DESMOND: Thank you, Mr.
9 Matthews, and my congratulations to all those CEC
10 employees who have been recognized here today.

11 Moving on then procedurally I need to
12 note two changes to the consent calendar. The
13 first is that we're going to pull out item (d) and
14 vote on that separately.

15 I will simply be recusing myself,
16 although based on the fact that in the past, a
17 previous firm I was with had a contract with EPRI.
18 And so, although there's no new work here being
19 contemplated, I simply want to make sure that it's
20 a separate issue.

21 And then also we are adding back in item
22 (g), so I will read that into the record. And
23 this is for SMUD, which is that possible approval
24 of a PIER contract, 500-00-034, amendment 2, to
25 revise the scope of work. The changes modifying

1 some projects or adding complementary projects
2 tied to the goal of the original solicitation
3 without any additional cost to the Energy
4 Commission. This amendment builds on the success
5 of the original program to promote renewable
6 applications and our contact listed here is Prab
7 Sethi.

8 So, at first items (a), (b), (c), (e),
9 (f), (g) and (h).

10 COMMISSIONER GEESMAN: So moved.

11 COMMISSIONER BOYD: Second.

12 CHAIRPERSON DESMOND: All in favor?

13 (Ayes.)

14 CHAIRPERSON DESMOND: Opposed? So
15 moved.

16 Item number (d) which is EPRI, and that
17 is substituting the obligation from E2I to the
18 Electric Power Research Institute.

19 COMMISSIONER PFANNENSTIEL: So moved.

20 COMMISSIONER ROSENFELD: Second.

21 CHAIRPERSON DESMOND: All in favor?

22 (Ayes.)

23 CHAIRPERSON DESMOND: So moved.

24 Moving on, agenda item number 2 is
25 Blythe II. Possible appointment of Commissioner

1 Geesman. I understand we will take this item up
2 in item 13 on the Committees.

3 Item 3, Pastoria Energy Facility
4 Expansion Project. Possible approval of the
5 Executive Director's data adequacy recommendation
6 for the Pastoria Energy Facility Expansion Project
7 application for certification. Mr. Reede.

8 DR. REEDE: Good morning, Chairman
9 Desmond and Commission Members. My name is Dr.
10 James Reede, and I am the assigned Project Manager
11 for the Pastoria Energy Facility Expansion
12 Project.

13 I might note that the agenda
14 inadvertently showed 99-AFC-7. The correct number
15 is actually 05-AFC-1.

16 I'm here today to give you a brief
17 overview of the Executive Director's data adequacy
18 recommendation regarding the application for
19 certification that was filed this past April 29th.

20 Staff completed its data adequacy review
21 of the Pastoria Energy Facility Expansion Project
22 in mid-May. During this review the staff
23 communicated frequently with the applicant, who
24 has provided some draft supplemental information.

25 Staff has determined that the AFC does

1 not contain all the information required by siting
2 regulations for the 12-month AFC process, and is
3 therefore inadequate.

4 Of the 23 technical disciplines reviewed
5 information is still needed in three areas: soils,
6 water resources and transmission system
7 engineering; they're pertaining to the 12-month
8 process.

9 The applicant also requested an
10 expedited six-month siting process allowed under
11 Public Resources Code; however, after review of
12 the AFC, staff also determined that the AFC does
13 not meet the data adequacy requirements for the
14 six-month process for the same three technical
15 areas.

16 I need to advise you that to qualify for
17 the six-month process the project must also meet
18 the 12-month criteria. Therefore, staff
19 recommends that the Energy Commission find the AFC
20 inadequate for both the six-month and the 12-month
21 process.

22 Now, in attachment A of your packet
23 there's a summary of whether each technical
24 discipline evaluated is adequate or inadequate.
25 Attachment B contains staff's detailed worksheets

1 that describe staff's findings for each
2 informational requirement for both the six and 12
3 months.

4 Now, the applicant informed staff via
5 teleconference on May 27 that they are no longer
6 planning to request review under the six-month
7 process. However, no formal documentation has yet
8 to be received.

9 We also received comments from other
10 agencies. The San Joaquin Air Pollution Control
11 District has indicated that an application is
12 complete for its purposes.

13 Just recently we received a letter from
14 the U.S. Army Corps of Engineers that erred and
15 stated that the applicant would require a new
16 section 404 permit. I pointed out to the Army
17 Corps of Engineers that they, in fact, already had
18 a permit, and that a new one was unnecessary.

19 The California Independent System
20 Operator was expected to provide a letter
21 documenting its completeness review of the
22 transmission system impact study and findings in
23 early June. However, until the applicant provides
24 additional information to the Cal-ISO they will
25 not begin their 30-day review process until that

1 information is provided to both the Cal-ISO and to
2 the Energy Commission.

3 Staff understands that the applicant
4 expects to file a supplement to the application
5 for certification within the next week or so. At
6 that time staff will review the supplemental
7 filing and the Executive Director will provide a
8 new data adequacy recommendation to the
9 Commission.

10 Thank you, sir.

11 CHAIRPERSON DESMOND: Further
12 discussion?

13 COMMISSIONER PFANNENSTIEL: Mr.
14 Chairman.

15 CHAIRPERSON DESMOND: Yes.

16 COMMISSIONER PFANNENSTIEL: I don't
17 have, and I haven't seen, any of the material
18 that Dr. Reede was referring to in terms of the
19 Executive Director recommendation or the
20 appendices A, B and C, or whatever you referred
21 to.

22 DR. REEDE: They were distributed by
23 dockets --

24 COMMISSIONER GEESMAN: I can say I don't
25 have it, either.

1 CHAIRPERSON DESMOND: Yeah, in fact, I
2 don't think any of us have that, so it was not
3 contained in this set of documentation --

4 COMMISSIONER PFANNENSTIEL: Right, so --

5 CHAIRPERSON DESMOND: -- that we
6 received.

7 DR. REEDE: It was docketed May 27th.

8 COMMISSIONER PFANNENSTIEL: Well,
9 regardless --

10 CHAIRPERSON DESMOND: No, it's not
11 contained in this.

12 COMMISSIONER PFANNENSTIEL: -- it's not
13 in our --

14 CHAIRPERSON DESMOND: Yeah.

15 COMMISSIONER PFANNENSTIEL: --
16 materials.

17 DR. REEDE: Yeah, it's not in your
18 packet.

19 CHAIRPERSON DESMOND: But your
20 recommendation is that it's --

21 DR. REEDE: Inadequate for --

22 CHAIRPERSON DESMOND: -- inadequate.

23 DR. REEDE: -- for three particular --

24 COMMISSIONER PFANNENSTIEL: So we can
25 continue the discussion, --

1 DR. REEDE: -- technical areas.

2 COMMISSIONER PFANNENSTIEL: -- but with
3 that understanding --

4 CHAIRPERSON DESMOND: Right.

5 COMMISSIONER PFANNENSTIEL: -- that we
6 don't have the --

7 COMMISSIONER GEESMAN: I guess I --

8 COMMISSIONER PFANNENSTIEL: -- the
9 materials.

10 COMMISSIONER GEESMAN: That causes me a
11 real concern because it would seem to me this is a
12 rather significant threshold decision that we're
13 being asked to at least concur in. And to not
14 have the information --

15 CHAIRPERSON DESMOND: Yeah.

16 COMMISSIONER PFANNENSTIEL: Right.

17 COMMISSIONER GEESMAN: -- it sounds like
18 long after it has been docketed suggests a bit of
19 a dropped ball on somebody's part.

20 DR. REEDE: I will find out what
21 happened fairly quickly, immediately after I leave
22 here. And we'll undertake to insure that all the
23 Commissioners have the supporting data. And I'll
24 follow up with Scott Matthews to let you know what
25 happened.

1 I did see them all reproduced, and I did
2 see them begin distribution.

3 CHAIRPERSON DESMOND: Okay, again, that
4 we don't have the data, but your recommendation is
5 not to approve, perhaps we can at least put off
6 the adoption or the acceptance of that
7 recommendation until the next business meeting?
8 Is that -- so, if that makes sense, -- yes, Mr.
9 Chamberlain.

10 MR. CHAMBERLAIN: I'm not sure that you
11 can do that. Usually the timing of these things,
12 we have 45 days to make this determination. You
13 could put it off till later in the meeting,
14 however, and we could be sure that the information
15 comes to you.

16 COMMISSIONER GEESMAN: Let's hear from
17 the applicant --

18 CHAIRPERSON DESMOND: Yes.

19 MR. WHEATLAND: Good morning, I'm Gregg
20 Wheatland. I'm attorney for the applicant. With
21 me is Mr. Andrew Witten (phonetic), the Project
22 Manager for this project.

23 We have no objection to having this
24 matter continued till later in the meeting, or to
25 the next business meeting. We came here today

1 prepared to say that we accept and agree to the
2 staff's recommendations.

3 But if the Commission wishes to review
4 the materials in more detail we would have no
5 objection to the continuation of this matter.

6 COMMISSIONER GEESMAN: I think your
7 suggestion is a good one, Mr. Chairman. Let's
8 wait till the next business meeting.

9 MR. CHAMBERLAIN: If the applicant is
10 acceptable with that I think we're all right. The
11 statute is written in this case in such a way that
12 if the Commission doesn't act within the 45 days
13 or have an agreement like this, then the
14 application is deemed accepted.

15 And so you do have to make a
16 determination within the 45 days or have that 45-
17 day period waived.

18 CHAIRPERSON DESMOND: Okay, in that case
19 if it's at all possible perhaps you can circulate
20 the documents here before the end of the meeting.
21 I don't think we want to be here today, given your
22 recommendation is not to accept it, the applicant
23 is in agreement with that recommendation, so in
24 keeping with the statutory deadlines, we need to
25 make some determination here today.

1 So, I would ask --

2 DR. REEDE: We have my attorney's copy
3 and my copy that we can give to you right now.

4 MR. CHAMBERLAIN: But --

5 DR. REEDE: Okay, I'll go get copies for
6 everybody.

7 CHAIRPERSON DESMOND: Okay.

8 DR. REEDE: Thank you.

9 CHAIRPERSON DESMOND: Next item is item
10 number 4. This is the Pastoria Facility Energy
11 Expansion Project Committee assignment. I
12 understand that we will continue to take the
13 Committee assignments up as agenda item number 13.

14 Agenda item number 5. Is it the
15 Brittan?

16 MS. ORLANDO: Brittan.

17 CHAIRPERSON DESMOND: Brittan.

18 MS. ORLANDO: Yes.

19 CHAIRPERSON DESMOND: We debated this
20 yesterday in a meeting. The Brittan Elementary
21 School District. Possible approval of a \$41,615
22 loan for the retrofit of existing lighting system
23 with more energy efficient equipment. Go ahead.

24 MS. ORLANDO: Yes. Good morning,
25 Commissioners. My name is Claudia Orlando and I'm

1 with the public programs office. And I'm
2 requesting approval for actually item number 5 and
3 6, if we could do both of those.

4 These are two small elementary school
5 districts who are requesting financing for
6 lighting efficiency projects.

7 The first school is Colfax Elementary
8 School District. And they're requesting a loan
9 for \$27,400. And this project will save \$12,094
10 annually in energy costs with a simple payback of
11 2.3 years.

12 The other loan is to Brittan Elementary
13 School District, and that one is for \$41,615. And
14 this project will save \$4626 annually in energy
15 costs with a simple payback of nine years.

16 Both of these projects have been
17 approved by the Efficiency Committee and staff
18 recommends approval of both of these loans.

19 COMMISSIONER PFANNENSTIEL: Mr.
20 Chairman, yes, the Efficiency Committee has
21 reviewed these loans; believe that they are, in
22 fact, very good uses of the loan money. And
23 therefore I'd move both item, item 5 and 6.

24 CHAIRPERSON DESMOND: Is there a second?

25 COMMISSIONER ROSENFELD: Second.

1 CHAIRPERSON DESMOND: All those in
2 favor?

3 (Ayes.)

4 CHAIRPERSON DESMOND: Opposed? So
5 moved.

6 MS. ORLANDO: Thank you.

7 CHAIRPERSON DESMOND: Thank you.

8 Next item, number 7, West Basin
9 Municipal Water District. Possible approval of
10 contract 500-04-028 for \$50,000 to demonstrate an
11 energy efficient, cost effective seawater
12 desalinization project.

13 MR. CHAUDHRY: Good morning,
14 Commissioners, good morning, everybody. I'm
15 Shahid Chaudhry with the public programs office.

16 I'm here today to request a \$50,000
17 cofunding to support a low energy, energy
18 efficient desalination of seawater through West
19 Basin Municipal Water District.

20 Currently it has been demonstrated that
21 just the desalination reverse osmosis process can
22 be conducted at 2 kilowatt hours per cubic meter.
23 And under this project we will demonstrate that
24 this energy consumption can be further reduced by
25 20 percent to a level of around 1.6 to 1.7

1 kilowatt hours per cubic meter.

2 There are about 21 partners in this
3 collaboration, including nine city, county, state
4 and federal agencies. And the testing will be
5 conducted at U.S. Navy's Testing Facilities at
6 Port Hueneme.

7 Thank you.

8 CHAIRPERSON DESMOND: Questions or
9 comments or -- Commissioner.

10 COMMISSIONER ROSENFELD: This has come
11 before the R&D Committee and we are pleased with
12 it.

13 CHAIRPERSON DESMOND: Is there a motion?

14 COMMISSIONER ROSENFELD: I so move.

15 COMMISSIONER GEESMAN: Second.

16 CHAIRPERSON DESMOND: All those in
17 favor?

18 (Ayes.)

19 CHAIRPERSON DESMOND: Opposed? So
20 moved. Thank you.

21 MR. CHAUDHRY: Thank you.

22 CHAIRPERSON DESMOND: Item number 8.
23 Regents of the University of California San Diego
24 Scripps Institution of Oceanography. Possible
25 approval of \$200,000 in research funds allocated

1 in PIER work authorization MR-039 to UC San Diego
2 to fund research that will evaluate the use of
3 various atmospheric models coupled with regional
4 hydrologic models to generate forecasts for
5 hydropower generation in both California and the
6 Pacific Northwest.

7 Mr. O'Hagan.

8 MR. O'HAGAN: Good morning,
9 Commissioners, my name is Joe O'Hagan with the
10 Public Interest Energy Research program here at
11 the Commission.

12 The proposal before you is for the
13 research agreement with the Scripps Institute
14 through the UC Regents to explore the feasibility
15 of seasonal forecasts for hydropower generation
16 and also for summer temperatures here in
17 California.

18 The hydropower forecasting would look at
19 both the California Central Valley, focusing
20 specifically on the Federal Central Valley Project
21 and the State Water Resources Control Board
22 projects and the Pacific Northwest, the
23 Columbia/Snake River Basin hydrogeneration.

24 As you're well aware, peak electricity
25 demand in California occurs in the summer, while

1 in the Pacific Northwest it's in the winter.

2 Based on previous research that was
3 conducted for the Energy Commission and the Cal-
4 ISO, it's shown that using historical data that
5 there is a good possibility of using global
6 circulation models to forecast the probability of
7 surplus hydropower both in California and more
8 importantly in the Pacific Northwest.

9 The thought is that a three- or four-
10 month lead time is quite feasible, perhaps even
11 longer. The advantage, of course, for that would
12 be in planning for electricity resources,
13 especially natural gas purchases.

14 Also, if we can predict the occurrence
15 of extreme temperatures here in California
16 throughout the state, it will also allow planning
17 to be more accurate in terms of electricity need.

18 Questions?

19 COMMISSIONER ROSENFELD: I move the
20 item.

21 COMMISSIONER GEESMAN: I'll second it.

22 CHAIRPERSON DESMOND: All those in
23 favor?

24 (Ayes.)

25 CHAIRPERSON DESMOND: Opposed? So

1 moved.

2 MR. O'HAGAN: Thank you very much.

3 CHAIRPERSON DESMOND: Thank you. Item
4 number 9, ECOS Consulting. Possible approval of
5 contract 500-04-030 for \$688,975 to investigate
6 battery charger and power supply energy usage.
7 Mr. Meister.

8 MR. MEISTER: Good morning,
9 Commissioners. I'm Bradley Meister. I'm here
10 today to request approval of contract 500-04-030
11 for \$688,975 with ECOS Consulting to investigate
12 battery charger and internal power supply use.

13 Starting in 2003 the PIER program funded
14 a two-year focused analysis of external power
15 supply energy savings opportunities. That
16 research helped catalyze new policy activity of
17 EPA's EnergyStar program and with the Commission's
18 title 20 appliance efficiency regulations for
19 single volt external power supplies.

20 Beginning on July 1st of 2006 single
21 volt external power supplies will now be a part of
22 the state's title 20 appliance regulations, and
23 any external power supplies sold in California
24 after that date will be required to meet the
25 external power supply standard.

1 This contract is intended to investigate
2 energy use of two other types of electronic
3 devices, battery chargers and internal power
4 supplies.

5 The intent of this research is to
6 provide useful and time-sensitive information to
7 potentially impact the title 20 appliance
8 efficiency regulations and the EPA EnergyStar
9 program.

10 Improving the efficiency of these
11 devices could reduce statewide electricity
12 consumption by 1 to 2 percent, or up to 5000
13 gigawatt hours.

14 Without action unfettered growth of this
15 industry could result in future peak demand
16 problems for California.

17 Some battery chargers are as poor as 5
18 percent efficient in the charge mode. This
19 project would receive input from industry as well
20 as other international organizations, will develop
21 standard test procedures for battery chargers and
22 international power supplies -- excuse me,
23 internal power supplies paving the way for future
24 title 20 appliance regulations.

25 The staff recommends that the Commission

1 approve this contract with ECOS Consulting.

2 CHAIRPERSON DESMOND: Thank you.

3 Questions or comments?

4 COMMISSIONER ROSENFELD: I move the
5 item.

6 COMMISSIONER GEESMAN: Second.

7 COMMISSIONER PFANNENSTIEL: Before a
8 vote, let me just comment that this information
9 has been really critically important in the title
10 20 appliance standards proceedings. It's
11 relatively controversial because it's a new kind
12 of appliance that we're looking at. And so the
13 information that ECOS Consulting has been putting
14 together is going to be essential to us. So I
15 support this item.

16 CHAIRPERSON DESMOND: Good. Well, given
17 the proliferation of electronic devices in our
18 daily lives, it's certainly meaningful research.

19 At this time --

20 COMMISSIONER ROSENFELD: I will make one
21 other remark.

22 CHAIRPERSON DESMOND: Please.

23 COMMISSIONER ROSENFELD: I think this is
24 a wonderful example of the collaboration where the
25 PIER R&D and basic research enables the Energy

1 Efficiency Committee to -- this is -- when it all
2 goes through it's going to save like another 7
3 percent of residential power. And the
4 collaboration is really wonderful here.

5 CHAIRPERSON DESMOND: And I have no
6 doubt that to the extent California's successful
7 the same standards obviously are influencing what
8 the EPA is adopting in its EnergyStar, so it has
9 national implications, as well.

10 So, with that, unless there are further
11 comments I'd like to call for a vote.

12 All those in favor?

13 (Ayes.)

14 CHAIRPERSON DESMOND: Opposed? So
15 moved. Thank you.

16 Next item is agenda item number 10,
17 Southern California Edison. Possible approval of
18 contract 500-04-029 for roughly \$1.5 million with
19 Edison to develop a transmission line decision
20 framework called Planning Alternative Corridors
21 for Transmission, PACT.

22 PACT will provide an objective
23 comprehensive consistent and transparent analysis
24 so stakeholders can better understand the outcomes
25 and tradeoffs of proposed alternative transmission

1 lines routes and corridors.

2 And I would also note that we have, on
3 the phone, Mary Demming who would also like to
4 make a comment before the Commission takes a vote.

5 Go ahead.

6 MR. BIRKENSHAW: Good morning, Chairman
7 Desmond, Commissioners, for the record my name is
8 Kelly Birkenshaw. I'm with the Public Interest
9 Energy Research program.

10 I'm here to ask for your consideration
11 and approval of a contract with Southern
12 California Edison to help us to develop a web-
13 based decision support transmission siting tool.

14 In the 2004 IEPR, noted that the success
15 of statewide planning, in large measure, will
16 depend on significant extent of the ability to
17 engage public stakeholders.

18 We think we have the ability here to
19 work with a tool that was developed by Edison in
20 the past several years, and expand it to statewide
21 applicability. This tool is graphically based,
22 and would allow us to provide a technically based
23 and effective means to communicate the differences
24 between different transmission line alignments
25 that is transparent, consistent, objective and

1 comprehensive.

2 What we're talking about here, in
3 essence, is a tool that would allow stakeholders
4 to get involved early in the process. They would
5 understand the primary environmental tradeoffs
6 between different alignments, such things as
7 environmental -- endangered species, cultural
8 sites, land use and engineering data such as slope
9 and drainage.

10 And also we think by doing so provide a
11 better foundation for decisionmaking when it comes
12 to these tradeoffs and the optimal solution for a
13 proposed transmission line.

14 We think it has considerable value, and
15 I would ask for your approval.

16 CHAIRPERSON DESMOND: Okay. Ms.
17 Demming.

18 MS. DEMMING: Yes, good morning.

19 CHAIRPERSON DESMOND: Good morning.

20 MR. BIRKENSHAW: I think Mary is --
21 she's the Project Manager with Southern California
22 Edison. And she's available for any more
23 technically oriented questions that the Commission
24 might have about this project.

25 CHAIRPERSON DESMOND: Questions?

1 COMMISSIONER GEESMAN: I wanted to move
2 the item, but before I do that, to make a couple
3 of observations.

4 First, and probably foremost, the Energy
5 Commission, since its very creation, has been at
6 the front line of incorporating public
7 participation in the electricity planning and
8 siting process. As we stand on the brink of
9 assuming larger responsibilities in the
10 transmission planning and permitting process, I
11 think that this is an important threshold.

12 In our own experience with transmission
13 lines associated with power plants, they've proven
14 to be the singlemost controversial and singlemost
15 contentious infrastructure that we have had to
16 contend with in our relations with the public.

17 This is an extremely important tool in
18 helping both project applicants and the
19 Commission, itself, make the thought process more
20 transparent to the public and enable the public
21 access to a remarkably rich set of detailed
22 information. And access to a decisionmaking
23 process that, in the past, has proven quite
24 contentious.

25 I don't have any doubt that it will

1 continue to be a very difficult public process.
2 No one seems to want to have a transmission line
3 in his or her backyard. But Edison has done
4 yeoman's work in developing this tool.

5 Our staff plans to take the tool that
6 exists now, expand it, scale it up, make it better
7 suitable for use in a public process. And I think
8 this is one of the most important things that
9 we're doing in the transmission area right now.

10 I would move approval of the item.

11 CHAIRPERSON DESMOND: Thank you,
12 Commissioner. Any other comments?

13 COMMISSIONER ROSENFELD: Second.

14 CHAIRPERSON DESMOND: Okay. I'd also
15 like to add a couple things. This caught my eye,
16 and in fact had asked for a separate briefing on
17 this item. And was particularly impressed with
18 the work that Commissioner Geesman pointed out,
19 and that is Edison's contribution here in moving
20 this project forward. We are not starting from
21 scratch.

22 And I was hoping perhaps Ms. Demming
23 could just take a moment and speak to how this has
24 helped Edison internally as a way of a
25 communication tool. If you would take just a

1 brief moment and speak to that.

2 MS. DEMMING: Yes, thank you for the
3 opportunity. We all had a fully developed
4 substation project last year for testing purposes.
5 We had previously tested the model after the fact,
6 and not in conjunction with a given project.

7 Because it's still under development and
8 we had internal -- needed internal team approval,
9 as well, we had not progressed into the public
10 arena as far as we would like.

11 We did share our results with a group of
12 developers out in the area where this particular
13 substation was being built. And as soon as we
14 were able to explain the criteria that we had used
15 and showed a few graphics, they were quite
16 satisfied with our selection process for the
17 primary sites, to proceed with a proponent's
18 environmental assessment.

19 Other than that we've been testing and
20 developing it internally, growing our own staff
21 expertise and subject matter expertise so that our
22 decision factors are as good as they can be.

23 I'm not there today because I'm working
24 on four projects right now using the model for
25 initial site evaluation prior to the preparation

1 of proponent's environmental assessment.

2 CHAIRPERSON DESMOND: Great, thank you.

3 And let me add one other item, then, you know, as
4 a follow-on to Commissioner Geesman. And that is
5 I hope that this project proceeds with great
6 haste.

7 As you know, the Governor has called for
8 heavy emphasis on transmission. I think this
9 benefits not only California, but the western
10 region as it deals with interstate transmission
11 issues.

12 I would also point out that in the
13 Legislature they are contemplating transmission
14 corridor designations. And as I read this and
15 review the information, clearly this would
16 facilitate that discussion.

17 So I would also note that we, as a
18 Commission, should communicate this work because
19 it directly relates to the policy and the efforts
20 of the Legislature to let them know how, in fact,
21 we're working together.

22 So, unless there are further comments,
23 with that I think we have a motion and a second.

24 All those in favor?

25 (Ayes.)

1 CHAIRPERSON DESMOND: Opposed? So
2 moved. Thank you.

3 MR. BIRKENSHAW: Thank you.

4 CHAIRPERSON DESMOND: Item number 11,
5 KEMA. Possible approval of a contract \$100,000 to
6 augment the 2002 California residential appliance
7 saturation survey with conditional demand analysis
8 using 2003 consumption data. Mr. Sharp.

9 MR. SHARP: Good morning. I'm Glen
10 Sharp from the demand analysis office. And in
11 2004 we completed the 2002 residential appliance
12 saturation survey. And one of the major products
13 of that survey was a collection of estimates of
14 consumption levels for various residential
15 appliances.

16 These estimates were developed with a
17 process called conditional demand analysis. And
18 we used 2002 consumption data as a baseline. All
19 parties involved in the survey, including
20 Commission Staff, the contractor and utility
21 representatives, thought these estimates were
22 somewhat low. And we all believed that it was
23 probably due to the energy crisis effects of the
24 2020 program and other fears.

25 We thought that possibly augmenting this

1 survey with consumption data at a post-2002
2 timeframe might allow us either to verify those
3 original estimates or to adjust them as necessary.

4 So we would like to use a 2003 mainly
5 billing frame with which to compare the survey
6 results.

7 And so I would request approval of a
8 contract to do that.

9 COMMISSIONER PFANNENSTIEL: Mr.
10 Chairman, this item has been discussed by the
11 Energy Efficiency Committee and we support its
12 approval. So I move the item.

13 COMMISSIONER ROSENFELD: Second.

14 CHAIRPERSON DESMOND: Okay. I just had
15 a couple questions on that. The 2003 data, and
16 this is a timing issue, as we get further and
17 further away, the concerns that you expressed in
18 terms of the energy crisis having a material
19 effect on the short-term correlation conditional
20 demand analysis is changed as time goes by.

21 How far are we from getting the 2004
22 data? Because I think even more importantly, you
23 know, as we stand today, thinking about this, how
24 much, in fact, has it changed since the 2000/2001
25 summer?

1 MR. SHARP: That's a good concern. When
2 we originally were designing this augmentation it
3 was in the fall of 2004. And so we decided to use
4 2003 data and then the part of 2004 consumption
5 that we could obtain.

6 Of course, now in 2005 we have the whole
7 2004 series. So we probably will look at that, as
8 well.

9 But also we want to consider that we're
10 looking at survey responses in 2002. And so we
11 want to look at consumption data as close to that
12 response time as possible because as we move
13 further and further away from 2002 the answers,
14 the responses lose some validity there in changes
15 in households, people moving, relocate, children
16 are born into homes or grow up and leave homes.

17 And so we're not comparing apples to
18 apples if we look at consumption data much farther
19 away than 2002.

20 And also, as we've looked at consumption
21 levels in the '90s, and then as affected in the
22 crisis, we see 2003 pretty good return, if you
23 want to use the word good, to pre-energy crisis
24 levels. So I think if we use 2003 data we're
25 going to get a pretty representative answer.

1 CHAIRPERSON DESMOND: Okay, so then the
2 next time that the results of this analysis would
3 feed into the next update of the Commission's
4 forecast?

5 MR. SHARP: Yes.

6 CHAIRPERSON DESMOND: Scheduled for?

7 MR. SHARP: Well, the next forecast will
8 begin, I guess, sometime in 2006. So we don't use
9 these estimates as automatic plugs. We use them
10 as kind of a guide. We look at trends as to
11 what's happened in the past. And so we assume
12 various changes in the consumption.

13 CHAIRPERSON DESMOND: Okay, so then
14 prior to 2006, unrelated to this item, you will
15 have conducted another appliance saturation
16 survey?

17 MR. SHARP: No, we will be beginning
18 one, but we won't have completed it by then.

19 CHAIRPERSON DESMOND: Okay. Any other
20 questions?

21 All those in favor?

22 (Ayes.)

23 CHAIRPERSON DESMOND: Opposed? So
24 moved. Thank you.

25 MR. SHARP: Thank you.

1 CHAIRPERSON DESMOND: Item number 12,
2 Architectural Energy Corporation. Possible
3 approval of a contract for \$1 million to AEC and
4 subcontractors to assist in developing the 2008
5 residential and nonresidential building energy
6 efficiency standards.

7 MS. HEBERT: Yes, I noticed that the
8 dollar sign got left off in our description, so
9 yes, that is dollars, not pesos or pennies or
10 liras or Euros, or anything like that.

11 I'm Elaine Hebert from the building and
12 appliances office from the renewables, energy
13 efficiency and demand analysis division -- big
14 long title there -- where the building standards
15 reside.

16 To obtain technical assistance with the
17 development of the 2008 building energy efficiency
18 standards we released request for qualifications
19 in late January of this year, and received one
20 response from Architectural Energy Corporation.

21 The members of the Committee to evaluate
22 responses were very pleased with this response.
23 The proposed team of consultants would be led by
24 Charles Ely, who has extensive experience with
25 development of California's energy standards; with

1 managing and coordinating a broad team of experts;
2 and with contracting to the Energy Commission.

3 The team he put together is outstanding
4 for the expertise we expect we'll need.

5 I'm here to ask your approval of a
6 contract with AEC. The one caution I would offer
7 is that today we get to encumber half of the money
8 for this contract. The funding comes from the
9 federal government through SEP, the State Energy
10 Program funding. And we will be here in front of
11 you again a year from now requesting the other
12 \$500,000.

13 We expect the work to span three years
14 from now until June of 2008. Can I answer any
15 questions for you?

16 CHAIRPERSON DESMOND: Question I have, I
17 know AEC has done also work in the area of
18 greenbuilding and greenbuilding XML to facilitate
19 the exchange of information and modeling between,
20 for instances, architects and engineers and
21 developers.

22 And the question I have is is there any
23 contemplation for that type of standard to work in
24 this, or is that being dealt with separately?

25 MS. HEBERT: I think the closest we

1 could come to that is we're going to be looking at
2 a tier two standard for homes that will go beyond
3 title 24 and meet the rest of the load with solar.

4 So, a tier two standard that would look
5 at zero net energy homes. And right now that's as
6 close as we're getting.

7 As you know, there is a program for
8 nonresidential buildings through the Governor's
9 executive order on greenbuildings. That's mostly
10 nonresidential. And I don't think we're expecting
11 a lot of interplay with the standards at this
12 point.

13 CHAIRPERSON DESMOND: Okay.

14 COMMISSIONER PFANNENSTIEL: Mr.
15 Chairman, before I move the item -- thank you,
16 Elaine -- I would like to point out one item that
17 Ms. Hebert mentioned, that when we went out to bid
18 for this for a consultant we got one response.

19 But ordinarily that might be some
20 concern, but we did not that the AEC, on this
21 project, has a number of subcontractors that sort
22 of span the entire industry. So we think that we
23 have all the players who are interested in this
24 area under this contract.

25 And we're about to kick off the '08

1 building standards, so I think that we need to get
2 going on it. Looks like we have the right team
3 put together.

4 So I would move item 12.

5 COMMISSIONER ROSENFELD: Second.

6 CHAIRPERSON DESMOND: All those in
7 favor?

8 (Ayes.)

9 CHAIRPERSON DESMOND: Opposed? So
10 moved. Thank you.

11 MS. HEBERT: Thank you.

12 CHAIRPERSON DESMOND: Item number 13,
13 Committee assignments. Mr. Tomashefsky.

14 MR. TOMASHEFSKY: Good morning, Mr.
15 Chairman, Commissioners. For the record I'm Scott
16 Tomashefsky, the Chairman's Office. And we're
17 here to do our annual reconfiguration of the
18 Committee assignments.

19 What you have in front of you are two
20 draft orders for your approval related to
21 Commissioner Committee assignments, both respect
22 to policy committees and siting case committees.

23 Basically the changes here are in two
24 areas. With the departure of Chairman Keese,
25 there is a number of committees that need to be

1 back-filled. And Chairman Desmond is designated,
2 at least in this proposal, to assume the committee
3 responsibilities that Chairman Keese had
4 previously.

5 And the second one is to deal with the
6 formal assignment of Commissioner Geesman to the
7 Blythe II project, which was item 2 on the agenda.

8 So, just so you're aware of the changes
9 that are impacted here, it doesn't change any of
10 the other existing committees.

11 What it does do is with respect to
12 budget and management it puts Chairman Desmond as
13 presiding on the Legislative and Governmental
14 Committee; it does that as well with Commissioner
15 Pfannenstiel as Associate.

16 And with respect to the Electricity
17 Committee, that also has Chairman Desmond as
18 Presiding. And also on the Natural Gas Committee
19 having the Chairman as the Associate Member of the
20 Committee.

21 So all the other things are kept intact.

22 With respect to siting cases, which is a
23 second order, Blythe II I already mentioned we had
24 Commissioner Geesman presiding on that. With
25 respect to the Blythe I transmission line

1 amendment, we'd have Chairman Desmond as Associate
2 Member on that, as well as the Los Esteros Phase
3 II.

4 And with that, offer that up for your
5 adoption.

6 CHAIRPERSON DESMOND: Any discussion?

7 COMMISSIONER PFANNENSTIEL: Mr.
8 Chairman, then hearing no discussion I would move
9 the Committee assignments as Mr. Tomashefsky has
10 proposed them.

11 COMMISSIONER ROSENFELD: Second.

12 CHAIRPERSON DESMOND: All those in
13 favor?

14 ACTING EXECUTIVE DIRECTOR MATTHEWS: Mr.
15 Chairman, --

16 CHAIRPERSON DESMOND: Yes.

17 ACTING EXECUTIVE DIRECTOR MATTHEWS: --
18 just a process point. On Pastoria you need to
19 wait till after you've decided on data adequacy
20 before the Committee. And I heard it was not
21 included in your list, if I heard right.

22 MR. TOMASHEFSKY: That's right, that was
23 in an early draft, but it's not part of that.

24 ACTING EXECUTIVE DIRECTOR MATTHEWS:
25 Okay, just wanted to be --

1 CHAIRPERSON DESMOND: Till we take that
2 up.

3 ACTING EXECUTIVE DIRECTOR MATTHEWS: --
4 wanted to be crystal clear about that.

5 MR. TOMASHEFSKY: Yeah, it's not part of
6 what you have in front of you.

7 CHAIRPERSON DESMOND: Very good. Take a
8 vote then.

9 All those in favor?

10 (Ayes.)

11 CHAIRPERSON DESMOND: Opposed? So
12 moved. Thank you.

13 Item number 14, 2005 Integrated Energy
14 Policy Report. Consideration and possible
15 decision to initiate enforcement activities,
16 including subpoena, for certain load-serving
17 entities.

18 ACTING EXECUTIVE DIRECTOR MATTHEWS: Mr.
19 Chairman, --

20 CHAIRPERSON DESMOND: Yes.

21 ACTING EXECUTIVE DIRECTOR MATTHEWS: I
22 would, before Mr. Kennedy reports on the status of
23 our discussions and requests for information from
24 LADWP, I'd like to give you a summary of where
25 we've been and where we are.

1 As you know, we've been reporting on for
2 seems like months now, on collecting data from
3 various utilities. We are now complete with the
4 data collection portion of the Energy Report
5 process. Although we are still dealing with a
6 number of issues related to confidentiality.

7 In terms of the demand forecast data we
8 received from the investor-owned utilities, you'll
9 recall the Commission upheld the then-Executive
10 Director's determination that the annual peak
11 demand and some other data were not confidential.

12 We anticipate that those utilities that
13 are affected here will be filing an appeal in
14 court later this week seeking an overturn of the
15 Commission's decision.

16 In terms of the resource plan data, I
17 determined that those filings were, under our
18 regulations, entitled to confidentiality. We are
19 now in the process of determining at what level
20 that information needs to be aggregated to make it
21 public.

22 Last Friday I sent a proposal for
23 aggregating the data to the IOUs and electricity
24 service providers that would be affected. We
25 anticipate that the IOUs will appeal portions of

1 our proposal to the Commission, and perhaps
2 beyond. The deadline for filing that appeal is
3 Friday, June 17th. I would recommend that if
4 appeals are filed as expected, that you consider
5 them at the July 13th business meeting.

6 Kevin will now talk about L.A.

7 MR. KENNEDY: Thank you, Scott. Good
8 morning, Mr. Chairman, Commissioners. At the last
9 business meeting we reported that we had received
10 the data from LADWP in terms of the March 1st
11 filing, the reference case for the resource plan
12 scenarios. And that we were turning our attention
13 to the uncertainties and alternate scenarios that
14 had been due on April 1st, along with some
15 additional transmission information.

16 Since then we have received a letter
17 from LADWP that included information on the
18 renewable portfolio standard adopted by their
19 board on May 23rd, that has a target of 20 percent
20 renewables by 2017.

21 The letter with that also included a
22 brief description of the obstacles that they would
23 face in trying to get to a more aggressive
24 renewables target of 20 percent by 2010. And they
25 did not include any of the more quantitative

1 information that we had actually been hoping for
2 initially when we put together the forms and
3 instructions in terms of an accelerated renewables
4 case.

5 They did include with the letter, as
6 well, some information relating to the
7 transmission, their interest in the Devers-Palo
8 Verde II line. They had previously also provided,
9 and we have docketed, information that they had
10 filed with the CPUC in terms of intervening in the
11 case where SCE is applying for a CPCN from the PUC
12 for Devers-Palo Verde II.

13 While the information that we received
14 from LADWP is less than we had initially hoped in
15 terms of the accelerated renewables, at this point
16 I think that they basically have provided as much
17 as they are going to be able to provide in any
18 sort of timely way.

19 And we recommend that we simply accept
20 the information that we have at this stage, move
21 forward with doing what we can with it.

22 There may be some opportunity at
23 workshops to engage in further discussion with
24 LADWP on these sorts of issues. But at this point
25 we do not recommend taking enforcement action, and

1 don't see a need to continue holding over this
2 item, discussing possible enforcement action in
3 the future.

4 COMMISSIONER GEESMAN: Mr. Chairman.

5 CHAIRPERSON DESMOND: Yes.

6 COMMISSIONER GEESMAN: I agree with the
7 staff recommendation as it relates to enforcement
8 vis-a-vis the City of Los Angeles. But I would
9 note that the Mayor-Elect has endorsed a 2010 goal
10 for the 20 percent RPS standard. And I suspect we
11 will be hearing more from the City as the IEPR
12 process goes forward.

13 To the extent that we're going to
14 achieve the Governor's 20 percent target on a
15 statewide basis by 2010, the City of Los Angeles'
16 contribution is an important part of that.

17 But, you know, with elections change
18 takes time. And I think we should monitor the
19 situation pretty closely, but there's no point to
20 be served at this time in pursuing an enforcement
21 action.

22 CHAIRPERSON DESMOND: Very good.

23 Further discussion? Is there a motion?

24 COMMISSIONER GEESMAN: I don't think
25 there's any action --

1 CHAIRPERSON DESMOND: That's right, no
2 action whatsoever. So, can we remove this then
3 from the further agendas? Because this has been
4 held several times now.

5 MR. KENNEDY: Yes.

6 CHAIRPERSON DESMOND: Okay, so, thank
7 you very much.

8 MR. KENNEDY: Thank you.

9 CHAIRPERSON DESMOND: Moving back to
10 item number 3. We have received copies of the
11 detailed recommendations from Mr. Reede. In the
12 interest of time I wanted to ask that you walk us
13 through this document and highlight those areas,
14 so that --

15 DR. REEDE: Yes.

16 CHAIRPERSON DESMOND: -- we can be sure
17 we understand where --

18 DR. REEDE: Yes, yes, Chairman Desmond.
19 If you go to page 2, which is attachment A, this
20 lists all the technical areas that we review in
21 both our 12-month process and our six-month
22 process.

23 And you'll notice that for the most part
24 they're all yes, that the information is adequate.
25 However, when you get down to soils they're

1 inadequate for both 12-month and six-month, as is
2 transmission system engineering and water
3 resources.

4 Now, in attachment B, I believe if you
5 go to page 45, what the worksheet does, it has
6 specific requirements for information that they
7 did not provide. If you look in the fourth
8 column, if it's adequate yes or no, and then in
9 the final column we explain what the specific
10 information needs are to bring it into adequacy.

11 The same with transmission system
12 engineering beginning on page --

13 CHAIRPERSON DESMOND: 53.

14 DR. REEDE: -- 53, it tells you
15 basically what was not in the application for
16 certification. And what they would need to do so
17 that we have that information so that we can
18 comply with our regulations.

19 And then finally in water resources,
20 beginning on page 62, and continuing on for about
21 six pages, there's specific items that we need
22 that were not provided.

23 In the six-month section, which is at
24 the very back, and begins on page 70, the six-
25 month requirements are more demanding than the 12-

1 months. They have to give us more information up
2 front. They have to have various permits; they
3 have to have had review by outside agencies. And
4 that's why they were unsuccessful or inadequate in
5 the six-month section.

6 CHAIRPERSON DESMOND: Yeah, just for the
7 applicant, I want to reconfirm the previous
8 discussion that when they resubmit the data, will
9 it be for the 12-month or the six-month? I
10 thought I heard 12 month.

11 MR. WHEATLAND: Well, we'd ask that you
12 make a determination today on the status of
13 recommendation for both the six-month and the 12-
14 month process. Our ability to come back to you on
15 the six-month process would determine our ability
16 to complete these items. But we would ask that
17 you make a determination on both today.

18 COMMISSIONER BOYD: Mr. Chairman, I'll
19 move approval of the staff's recommendation in
20 light of the discussion.

21 COMMISSIONER GEESMAN: I'll second the
22 motion, but I do have a couple questions for Mr.
23 Wheatland. In looking through these forms, it's
24 not clear -- actually, it is fairly clear to me,
25 this doesn't appear to be a difference in

1 interpretation between the applicant and the
2 staff. It's simply a question of data not yet
3 being submitted to the staff, is that accurate?

4 MR. WHEATLAND: That's accurate.

5 COMMISSIONER GEESMAN: When do you
6 envision submitting that data so that this matter
7 might come back before us?

8 MR. WHEATLAND: We intend to supplement,
9 file a supplement by the end of this week. And
10 we'd hope that it would come back for you on the
11 June 22nd business meeting.

12 COMMISSIONER GEESMAN: Dr. Reede, is
13 that a possible schedule?

14 DR. REEDE: Yes, that's a possible
15 schedule for 12 months. However, for the six-
16 month, they are still required to have Cal-ISO
17 approval of the transmission system impact study.
18 And Cal-ISO has not received the information. and
19 they have a 30-day review period, which they are
20 demanding at this point.

21 So, six-month, June 22nd is not going to
22 work. Twelve-month, June 22nd could potentially
23 work, but I have to reserve saying yes it will
24 work until we actually get the supplement in hand,
25 and then review it. We'll only have three

1 sections to do, so I don't see an extended
2 analysis.

3 And we told them specifically what we
4 wanted. If they give us specifically what we
5 want, it can go fairly quickly. We've been
6 working very closely with them in an attempt to
7 get the process to move forward.

8 COMMISSIONER GEESMAN: Mr. Wheatland,
9 would you envision us commencing a 12-month
10 process, and then amending it to be a six-month
11 process if the staff determines that you're data
12 adequate for six-month purposes?

13 MR. WHEATLAND: Yes, we would like to
14 reserve that option. As I'm sure you're aware,
15 the primary difference between the six-month and
16 the 12-month process is that there's only one
17 staff assessment, rather than a preliminary and a
18 final. So if we are able to qualify under the
19 six-month process, it would relieve the staff of
20 the burden of preparing that preliminary staff
21 assessment. And we'd like to reserve that option.

22 COMMISSIONER GEESMAN: So, does that
23 mean that you would like us to move as quickly as
24 possible to considering the 12-month data
25 adequacy, or hold that until you've got your six-

1 month data adequacy filings complete?

2 MR. WHEATLAND: We'd like you to move as
3 quickly on the 12-month process so that clock
4 would begin to run.

5 COMMISSIONER GEESMAN: Mr. Chairman, I
6 hope that's what we're able to do, but I do second
7 the motion.

8 CHAIRPERSON DESMOND: I notice that Mr.
9 Reede has something else he wishes to add here.

10 DR. REEDE: Well, I'm just concerned,
11 because once you initiate the 12-months process,
12 there's still information required for a six-month
13 process to be approved. And once we begin the
14 mechanics of our analysis, we're still waiting for
15 the system impact study information and approval
16 from the Cal-ISO, additionally, because there's
17 the high likelihood that reconductoring of
18 transmission lines or construction of new
19 transmission lines may be necessary.

20 We would need all that environmental
21 information front-loaded. So, going into a six-
22 month program after we've already started a 12, is
23 not appropriate.

24 COMMISSIONER PFANNENSTIEL: Mr.
25 Wheatland, have you filed with the Cal-ISO, the

1 information that they need?

2 MR. WITTEN (phonetic): The full
3 appendices for the SIS were only received
4 yesterday, so I don't imagine they have everything
5 yet. I'd imagine --

6 COMMISSIONER PFANNENSTIEL: So they
7 haven't begun their 30-day clock, either?

8 MR. WITTEN: Definitely not, no. We
9 hope to get it to them this week.

10 DR. REEDE: There's an additional issue
11 surrounding transmission systems engineering and
12 that's Calpine's ability to sign a facilities
13 interconnection study. That will actually tell us
14 what is needed to mitigate the numerous overloads
15 that we've already seen in the system impact
16 study.

17 Southern California Edison has about a
18 three- to four-month timeframe for performing the
19 facilities impact study. So we're talking about
20 September, hopefully, that we would get the
21 facilities impact study, which would coincide when
22 we issue our final staff assessment under the 12
23 month.

24 COMMISSIONER GEESMAN: Mr. Chairman.

25 CHAIRPERSON DESMOND: Yes, Commissioner.

1 COMMISSIONER GEESMAN: This is one
2 technical area of a process that reviews well over
3 a dozen technical areas. Transmission system
4 engineering has seldom been the pacing item. And
5 although it's obviously subject to staff
6 discretion what they bring to us and when they
7 bring it to us, I would hope, looking at the
8 situation, the summers of '06 and '07 and '08,
9 that we could move forward expeditiously on these
10 other items. And then take up the transmission
11 system engineering subject area when the applicant
12 is able to make a filing. And consider the six-
13 month question at that point in time.

14 CHAIRPERSON DESMOND: Okay. Right now,
15 as I understand, we have -- thank you,
16 Commissioner Geesman -- a motion, which is to
17 accept the Executive Director's recommendation on
18 data adequacy, which we can do that here today,
19 having had this discussion.

20 But I would encourage both the applicant
21 and your office to get together to reflect
22 Commissioner Geesman's concerns to determine what
23 is the optimal way. And insure that we do not
24 duplicate or create conditions in which it would
25 lead to unnecessary delays.

1 So, in that case we had a motion. Is
2 there a second?

3 COMMISSIONER BOYD: There was a second.

4 CHAIRPERSON DESMOND: There was a
5 second, I'm sorry, I missed that. Thank you.
6 Then we have a third.

7 All those in favor?

8 (Ayes.)

9 CHAIRPERSON DESMOND: Opposed? So
10 moved. Thank you.

11 MR. WHEATLAND: Thank you very much.

12 MR. CHAMBERLAIN: Mr. Chairman, just for
13 clarification, do you want this item to be
14 agendaed for the next business meeting so that you
15 could take it up if the staff finds that the
16 information that they receive later this week is
17 sufficient?

18 CHAIRPERSON DESMOND: If the staff is
19 prepared in accordance with what I thought I
20 heard, and that was a 12-month process, and that
21 the applicant understands the manner in which it
22 would respond, given the timing of these
23 engineering studies, we have to -- I would defer
24 to Mr. Reede here to determine if it needs to be
25 on the next agenda. If we think we can get that

1 done.

2 DR. REEDE: Yes, I would take the
3 recommendation of General Counsel that it be
4 agendized, --

5 CHAIRPERSON DESMOND: Okay, very good.

6 DR. REEDE: -- and we'll do our
7 diligence to expeditiously perform the analysis.

8 CHAIRPERSON DESMOND: Okay. Thank you,
9 Mr. Chamberlain.

10 The next item is the adoption of the
11 minutes of May 11, 2005 business meeting.

12 COMMISSIONER ROSENFELD: I move the
13 minutes.

14 COMMISSIONER GEESMAN: Second.

15 CHAIRPERSON DESMOND: All those in
16 favor?

17 (Ayes.)

18 CHAIRPERSON DESMOND: Opposed? So
19 moved.

20 Item number 16, Commission Committee and
21 Oversight report.

22 COMMISSIONER GEESMAN: Mr. Chairman, --

23 CHAIRPERSON DESMOND: Yes.

24 COMMISSIONER GEESMAN: -- Commissioner
25 Pfannenstiel and I attended one of the periodic

1 meetings that Shannon Eddie calls to coordinate
2 the PUC/Energy Commission renewables efforts.
3 Commissioner Greuneich from the CPUC was there.

4 We discussed in some detail some concern
5 surrounding the RPS program. And frankly, the way
6 in which our collaborative staff may have allowed
7 some of what I think were black-and-white targets,
8 criteria and dates by which certain performance
9 levels were to be met by the IOUs into something
10 potentially fuzzier than that.

11 Unfortunately, ambiguity has allowed one
12 of the utilities to recommend legislative language
13 embracing the fuzziness of those targets. And I
14 think it's something that hopefully we will get an
15 opportunity to discuss with some prominence in our
16 joint meeting on the 15th.

17 CHAIRPERSON DESMOND: Very good. Is it
18 possible you could elaborate on the fuzziness?

19 COMMISSIONER GEESMAN: Well, the June
20 30, 2003 decision adopted by the CPUC and the way
21 in which the Energy Action Plan framed the target,
22 and I believe the way in which the Governor's
23 statement last week at the UN Environment Day
24 event speaks in terms of a 20 percent of gigawatt
25 hour sales in the year 2010.

1 The fuzzy interpretation is that that
2 could mean 20 percent projected gigawatt hour
3 sales in contracts signed in 2010. And, of
4 course, there's a flexible procurement mechanism
5 that allows up to three years of flexibility. So
6 2010 could really mean 2013; delivered gigawatt
7 hour sales could really mean projected gigawatt
8 hour sales under contract.

9 I think that the Commissioners involved
10 have consistently suggested that a target is a
11 target, black is black, white is white, up is up,
12 down is down. And gigawatt hour sales mean
13 gigawatt hour sales.

14 But I think it is something that we
15 should discuss next week to make certain that
16 everyone is on the same page.

17 CHAIRPERSON DESMOND: I appreciate you
18 bringing that to our attention here. Any further
19 comments or discussion? Okay, thank you.

20 Next item 17, Chief Counsel's report.

21 MR. CHAMBERLAIN: Yes, Mr. Chairman. As
22 Mr. Matthews mentioned to you, last Friday the
23 Ninth Circuit Court of Appeals both amended its
24 decision, adding a paragraph in both the majority
25 and the dissenting opinions on the subject of the

1 presumption against preemption. And then the
2 court went ahead and denied the petition for
3 rehearing.

4 Mr. Blees has asked me for an
5 opportunity to speak to you about this case, and
6 so I'm going to give that to him.

7 MR. BLEES: Thank you, Mr. Chamberlain,
8 Ms. Kim. Actually, I hope most of my
9 communications are more clear. I wanted to horn
10 in on my boss and take this opportunity to thank a
11 number of people who also deserve praise in
12 connection with the superior accomplishment award
13 that I received.

14 First, thank you, Commissioners, and,
15 Scott, for the award. A lot of people contributed
16 to the success of litigation, which we just
17 reached a major milestone last Friday. I want to
18 thank the entire appliance staff and I hope that
19 Ms. Hall will carry these thanks back to them.

20 This litigation is being fought so that
21 they can continue to do their excellent work to
22 foster energy efficiency. And a number of the
23 staff also participated actively in the earlier
24 stages of the litigation by filing declarations,
25 obtaining declarations from outside supporters,

1 such as the California Building Industry
2 Association. And by helping me to counter the
3 declarations of the opponents in the litigation.

4 So I wanted to thank Valerie Hall, Bill
5 Pennington, Michael Martin, Betty Chrisman,
6 Carolyn McCormack, Jim Holland, Elaine Hussey and
7 Tony Rygg.

8 Also want to thank the various
9 efficiency committees that have been involved in
10 this effort. Of course, currently that's Vice
11 Chair Pfannenstiel and Commissioner Rosenfeld, and
12 their Advisors, Tim Tutt and John Wilson. And in
13 the past, most notably Commissioners Sharpless and
14 Pernell and their Advisor Rosella Shapiro.

15 I also want to thank Paul Kramer and
16 Monica Schwebs of my office who made significant
17 contributions to the many briefs that have been
18 filed in the litigation.

19 In particular, Monica developed several
20 of the arguments in the briefs; and she was
21 instrumental in lining up support from several
22 entities that submitted friend-of-the-court briefs
23 in the Ninth Circuit.

24 And finally, I thank most of all, Bill
25 Chamberlain, who also made major contributions to

1 the briefs, who has always given me great support
2 for more than 20 years here, and under whose
3 guidance I have become a much better lawyer than I
4 would have been otherwise. Thank you very much,
5 Bill.

6 And if I have left out anyone, I
7 apologize to you, and thank you, as well. Thank
8 you for this opportunity.

9 COMMISSIONER ROSENFELD: Yea.

10 MR. CHAMBERLAIN: I can tell you it's a
11 pleasure to supervise someone like Jonathan Blees.

12 The other thing that I simply wanted to
13 mention was that a number of members of my office
14 have been working diligently to prepare for this
15 anticipated litigation on the data adequacy
16 question, or I'm sorry, data confidentiality
17 questions.

18 And we believe that we're prepared to
19 try to move that through the courts as
20 expeditiously as possible. Thank you.

21 CHAIRPERSON DESMOND: Executive
22 Director's report, Mr. Matthews.

23 ACTING EXECUTIVE DIRECTOR MATTHEWS: Mr.
24 Chairman, Commissioners, a number of things. One
25 I wanted to sort of give you the box score where

1 we are on (inaudible). There were a number of
2 issues on the (inaudible) committees to very
3 significant resources from the Energy Commission
4 to other activities.

5 There was a hydrogen highway BCP that
6 was going to divert 5.5 million of ERPA. That was
7 rejected by the committees. There was a million
8 of PIER to support the Climate Action Registry.
9 That was reduced to 500,000.

10 There was 32.25, half of the PIER
11 funding that was going to the ARB for air quality
12 research. That has been modified so that half of
13 the natural gas funding would be done pursuant to
14 a joint report adopted by the ARB and the CEC,
15 although it will still be managed by the Energy
16 Commission. That's in conference at the moment.

17 The PIER interest proposal, \$4 million,
18 to be moved to general fund is also in conference.
19 And 11.5 million of ERPA funds -- I'm sorry, I
20 said that was PIER funds, yeah -- then 11.5 of
21 ERPA funds to the general fund also in conference.

22 So of the \$54 million that was proposed
23 to be moved, only 16 is proposed to be moved at
24 the moment.

25 We got all our BCPs approved through the

1 legislative process, \$11-, almost \$12 million and
2 20 PY. The frontier line BCP was declined by the
3 Legislature, 2.4, almost 2.5 million and 2 PY.
4 Although a number of these things could come back
5 during the big 5 final conference stage of the
6 budget process.

7 I want to report on a couple of things
8 related to the Chairman's statement about the
9 proliferation of electronic devices in our daily
10 lives. We are retrofitting all the monitors --
11 almost all the monitors, the old cathode ray tube,
12 highly inefficient, Commissioner Rosenfeld
13 monitors with LCD monitors. Easier on the aging
14 eyes, in addition to saving quite a bit of energy.
15 Although some of the staff prefer the old monitors
16 and they're able to keep those.

17 We also are starting a pilot of the
18 Blackburys and expanding that to the next stage.
19 So you'll see people with this attractive fashion
20 accessory walking around and talking to
21 themselves. They're not really talking to
22 themselves. So if you see the Chairman with this
23 going, you know, yada yada yada, he's really using
24 this as a phone. And so, yes, more of that to
25 come.

1 Let's see, I will be on vacation
2 starting on the 22nd of June through back right
3 after the 4th of July. Terry O'Brien will be in
4 charge of most of that, including the 22nd
5 business meeting.

6 Finally, you still have an opportunity,
7 assuming we get out of here before noon, to take
8 advantage of the bake sale that's being held,
9 that's part of our Gifts from the Heart
10 activities. This program provides holiday gifts
11 to children and seniors.

12 The fund raising that we're doing at the
13 moment goes towards paying gifts for those who
14 were not chosen or whose wish list was not
15 completed or covered last holiday season. And so
16 your participation would be greatly appreciated.

17 CHAIRPERSON DESMOND: Thank you, Mr.
18 Matthews. I would like to make an announcement.
19 Well, first a schedule change here. We will be
20 having a closed session on personnel matters, we
21 will retire.

22 But I know that there are public
23 comments, so I'd like to move to the Public
24 Adviser's report. And then quickly take a call
25 and then we will retire. And then return, but I

1 would also note that no decisions will be made
2 here when we go into executive session.

3 MS. KIM: I have nothing specific to
4 report, but I would like to highlight that there
5 is an IEPR workshop on the petroleum
6 infrastructure environmental performance report on
7 Monday, June 20th here at the Commission, Hearing
8 Room A.

9 CHAIRPERSON DESMOND: All right, thank
10 you, Ms. Kim.

11 And I believe we have on the line -- I
12 want to pronounce the name correctly, Issa
13 Ajlouny, a community member, regarding Metcalf.

14 MR. AJLOUNY: Yeah, that's exactly
15 right. Issa Ajlouny. And I'll try to make this
16 brief.

17 As a concerned community member I've
18 been trying to, you know, keep an eye on things,
19 knowing that Steve Munro, the Compliance Manager,
20 that's his job.

21 But I heard that Calpine/Metcalf was
22 going to come online sooner than it was proposed
23 to be, and I found that some conditions of
24 certification that the Commissioners, yourselves,
25 have put together to follow so the power plant

1 would be safe and would be properly installed and
2 such.

3 And I found three conditions to be not
4 followed before commercial operation. And our
5 community wrote a letter to -- or an email to
6 Steve Munro and copied a few people and actually
7 copied some of the Commissioners. Didn't have all
8 the emails, I don't know if you all received it.

9 And that was on the 25th of May. On the
10 26th of May Calpine, in turn, wrote a letter to
11 Steve Munro asking for an extension in dates,
12 basically to cover up what we had found to not be
13 followed. And then three working days later Steve
14 Munro comes back and okays it in a letter to
15 Calpine.

16 And I just don't feel very comfortable/
17 safe as a community member, and also other
18 community members, knowing that we, as community
19 members, have to make sure rules are followed
20 versus the CEC is supposed to be protecting us as
21 a community.

22 And I just think that was negligence on
23 the California Energy Commission Staff, just
24 negligence on the job of being a compliance
25 manager. And I don't feel that the response I'm

1 getting from Steve Munro and his management is
2 sufficient. Especially in the area of the plume.

3 It was very clear in the decision that
4 there was supposed to be no plume. Of course,
5 they only mentioned two places of source of plume
6 only because that's what Calpine had stated in the
7 hearings at the time.

8 But just because Calpine mentioned two
9 places of sources for plume doesn't disregard any
10 other plume source. The whole bottomline was the
11 Commissioners, you, yourselves, some of you
12 weren't part of it at the time, but the whole
13 purpose was we, as a neighborhood, did not want a
14 big old plume coming up, you know, over our homes
15 here.

16 And the fact that Calpine came out with
17 two sources doesn't exclude them of the plumes
18 from other sources. So now we're at the point
19 where, of course, Steve Munro and the gang with
20 the staff saying that it's only the two sources.
21 But yet they have plumes coming out from other
22 sources. So what good is to have a condition of
23 certification saying only 14 hours of daylight
24 plume coming from the Metcalf Energy Center from
25 two sources, if all the other sources have as much

1 plume as they want?

2 I just feel there's no way for us, as a
3 community, to come before the Commission except
4 through this public comment period, which is heard
5 and then ignored. Because surely the staff, the
6 compliance manager and their management team is
7 just ignoring us, and just saying what they want
8 in the responses to emails.

9 So I really strongly urge you to give us
10 a chance as a community to come before you and
11 make it an agenda item on the issues that we're
12 having with the California Energy Commission Staff
13 and the Metcalf Energy Center.

14 CHAIRPERSON DESMOND: Thank you for
15 those comments. I'd like to ask staff to please
16 respond to these concerns that he's raised.

17 MR. NAJARIAN: Sure. My name is Chuck
18 Najarian. I'm the Power Plant Compliance Program
19 Manager.

20 I'll try to be as specific as possible
21 in terms of what I understood the comments from
22 the caller to be.

23 The last complaint concerned Vis-10.
24 That's a requirement that controls plumes
25 emanating from cooling tower and the HRSG, which

1 are the main, by far the main sources of plumes.

2 I think the caller is concerned about
3 other minor sources of plumes. It might be from
4 smaller pipes in terms of steam venting. I drove
5 by the plant twice over the Memorial weekend. I
6 saw what appeared to be about 10-foot plumes
7 coming out of smaller venting pipes. I viewed
8 those as very insignificant.

9 But more importantly, the condition in
10 question focuses specifically on HRSG and cooling
11 tower plumes. So it's very specific.

12 The other conditions that we are aware
13 of that are linked to commercial operation concern
14 installation of the architectural screening. The
15 architectural screening, staff approved a
16 verification change to delay installation of the
17 architectural screening to July 31.

18 Now, the regulations allow for staff
19 approval of verification changes so long as they
20 do not conflict with the conditions. And in this
21 case, there is no potential for adverse impact.
22 The screening would not be installed whether the
23 plant was operating or not. We saw no benefit to
24 permitting commercial operations because they
25 weren't being installed.

1 They're making great progress on the
2 installation; they're doing so as we speak. And
3 the new verification requires a July 31
4 installation deadline, and we're comfortable with
5 that.

6 The other condition in question, let's
7 see, I'm sorry -- let me go back and say Vis-9 was
8 the architectural screening condition.

9 The other condition in question was
10 Visual-3. The caller, in his previous email
11 complaint, indicated that they were out of
12 compliance because they had not installed their
13 lighting.

14 Prior to commercial operation Calpine
15 informed us that, consistent with the condition,
16 their lighting was ready for inspection. Staff,
17 in the meantime because of the complaint we
18 received, had our chief building official do an
19 unnoticed spot inspection at night just to
20 determine if there was excessive lighting.

21 I don't know how much detail you want to
22 go into, but we actually have several photographs
23 that he took. And this was on the early morning
24 of June 3rd. So if you'd like to see those
25 photographs we'd be happy to provide them to you.

1 CHAIRPERSON DESMOND: Yes, I would.

2 MR. NAJARIAN: And in addition to that,
3 as required in the condition and verification,
4 technical staff is going to be holding their own
5 inspection. I believe that's scheduled for
6 Thursday evening, this Thursday evening, tomorrow
7 night.

8 At this point we do not see any issues.
9 It's possible there will be some fine-tuning that
10 will take place after the technical staff's
11 inspection. That's fairly normal.

12 The only other condition -- and by the
13 way, I don't know if you have any comments on
14 these photographs or not. This is fairly typical.
15 What's interesting about this is they're still in
16 process of installing the architectural screening.

17 The architectural screening will
18 actually cover most of these lights once it's
19 fully installed.

20 And one of your photographs MEC eastside
21 from across Monterey Highway, you could actually
22 see where some of the architectural screening was
23 installed. And there's no lights emanating from
24 that versus the other portions of the plant where
25 it has not been installed.

1 MR. AJLOUNY: Can I respond to some of
2 those comments?

3 CHAIRPERSON DESMOND: Yes, please.

4 MR. AJLOUNY: Okay. On the plume issue,
5 I have no problem with five or ten feet of steam
6 coming out from various places. That is not what
7 I'm talking about.

8 What I'm talking about is the large
9 plume that happens when you have a startup
10 condition and then a shutdown condition. That's
11 what I'm talking about. And that's the one that
12 we specifically put in the complaint.

13 And basically the response was that it's
14 only on the two items, you know, the steam where
15 the water coolers are and the HRSG.

16 And the problem is in Calpine's own
17 plume abatement plan it states, and I even cut and
18 pasted it, it says the plant shall be designed to
19 produce no visible plume in conditions above 30
20 degrees Fahrenheit and below 90 percent relative
21 humidity. It says no plume.

22 It also says that in the decision.
23 Sure, before it talks about two sources, but when
24 it talks about the verification piece it says no
25 plume. And, you know, if you want to read it

1 word-for-word, which I've always been taught
2 through dealing with this whole process, you got
3 to look at the words. And the words state no
4 plume.

5 So I don't feel that there's any
6 variance in that. And that's where I think
7 there's -- I can see that I'm not getting anywhere
8 with Steve Munro or Chuck Najarian. And I really
9 feel the Commission, like yourselves,
10 Commissioners need to look at the condition of
11 certification for Vis-10 and go over that, and
12 have a discussion. Not to reopen this hearing or
13 nothing, but just have a discussion so we, as
14 neighbors, can bring our concerns before you.

15 As far as the lighting, I was told that
16 the screening will hide the lighting. I have no
17 big problem with that. I did not mention that on
18 today's phone call. I mean I did not know that
19 the screening would hide the lighting. If it
20 does, that's great. I just want it to, you know,
21 look nice.

22 Now, I do understand the screening is
23 clear, so if there's lights behind it I imagine
24 it's going to look like a big glow. I don't think
25 the City of San Jose would appreciate that.

1 By the way, Forrest Williams, who is our
2 City Council Member for this district, is very
3 concerned about these same things and has
4 expressed that to Steve Munro. And actually put
5 two emails in writing to me stating how concerned
6 and how upset he was. And how Calpine decided to
7 come up and start the power plant without asking
8 the CEC's permission.

9 So it's not just Issa, community member,
10 seems to be a pain in everyone's side here. It's
11 the City of San Jose representative, our Council
12 Member, that's also concerned. It's just they
13 don't have the drive, they have a commitment with
14 Calpine not to, you know, harass them or stop them
15 from starting their power plant with the co-op
16 agreement, so there's very limited things that
17 they can do and say. Okay?

18 And then, the other piece was on, let me
19 see, the lighting, and the last thing was on what?
20 Now I'm blanking out here. The screen -- oh, the
21 screening being up. I guess, yeah, it's not going
22 to hurt anything if it's done by July 31st. I
23 agree with that.

24 I think the fact we're stating this,
25 that Calpine, as a corporation, is supposed to be

1 a neighbor corporation since they're out of San
2 Jose. They're supposed to be concerned about the
3 community, but they're doing what they want to do.
4 And when I write a letter or the community writes
5 a letter to the CEC, all of a sudden they have to
6 cover up their bases a day later and ask for
7 permission, when they already have -- they have
8 already come online the next day, on the 27th.
9 And they didn't even get permission to go online,
10 or they didn't get any permission on the COCs till
11 the 31st.

12 That's clear violation. We can't have
13 corporations thinking they're running the State of
14 California.

15 CHAIRPERSON DESMOND: Mr. Ajlouny, I
16 appreciate your comments. There are two things
17 I'd like to do. One, you know, I hope that to the
18 extent these issues have been raised, that what in
19 this case Calpine is doing is being responsive to
20 the questions that the community and yourself have
21 put forth.

22 And then secondly, I would also ask Mr.
23 Munro to follow up and just to get technical
24 clarification on the operation of the plume
25 abatement system during both startup and shutdown,

1 so we could have a better understanding if that is
2 just a function of the system, or a modification
3 in its operation would address the issues that the
4 caller has raised here today.

5 So, I'd like to thank you for those
6 comments. Is there anything else the staff
7 wanted to add before we head into executive
8 session?

9 MR. NAJARIAN: No, I just -- one final
10 item. We were working with Calpine prior to
11 commercial operation. There was a lot of
12 coordination going on.

13 There's no question that Calpine could
14 have been better organized up front. But at the
15 same time, they were accelerating their commercial
16 operation date considerably almost on a day-to-day
17 basis. I think they were caught a little bit
18 offguard on that.

19 We've informed them that we would
20 appreciate better organization at those critical
21 trigger points. But having said that, we're happy
22 they brought the plant online early. We were able
23 to accommodate them, albeit somewhat rushed. But
24 we're satisfied with the outcome.

25 CHAIRPERSON DESMOND: Okay, thank you.

1 At this time I'd like to go into
2 executive session. We'll return.

3 (Whereupon, at 11:38 a.m., the business
4 meeting was adjourned, to conclude upon
5 completion of executive session.)

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CERTIFICATE OF REPORTER

I, CHRISTOPHER LOVERRO, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Business Meeting; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, nor in any way interested in outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of June, 2005.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345□